THE NOTE

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Jeffrey Epstein SHOCKING

INTERVIEW with Steve Bannon

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Before we get into the deep stuff, let's just talk let's give some basics or some things I want to do inquiry from the others. Walk me through the Santa Fe Institute. What What was it about the time of the math? And this was in the late 90s. So, they're not going to hear me on this part, right? >> We're going to do it both ways. >> It will not be on the video, but we do have you recorded. >> Fine. Remember, when you're answering the qu on these questions, I'm not in the shot and

they're never going to hear my voice. So a little bit you got to repeat the in your answer you got to repeat what my question was. >> Oh okay. >> Um Santa Fe Institute >> why when you're at the top of your game on Wall Street do you decide to finance which was at the time or endow or become the donor or sponsor however you want to say it for what was considered the most cutting edge group of mathematicians in the world action. So s Santa Fe Institute in the late 80s early 90s. I was

interested as I was on the board of Rockefeller. So that starts Rockefeller University formed by John D. Rockefeller to sort of give back to the community. It's east side of Manhattan except it was old. It was sort of old-fashioned. They were talking about medicine and medicine by itself was again subject to the ideas of science. They were trying to find use science to find cures for disease and I said no we need to do something different we need to start interdisciplinary work in most >> how did a schmuck like

you get on the board of Rockefeller what year was that >> I don't remember late I think ' 89 or 91 >> so that's one of the most prestigious research places in the world correct >> yes >> okay how did a guy like you get on the board of rock a blueblood internationally known known internationally known uh hard research Nobel Prize winners all over the place. How do they pick a a guy like you, a trader from or basically some guy from Bear Sterns? Good question. So, I was asked to be on the board of

Rockefeller and I think it was I was on the board of Rockefeller. uh there was a money manager who said Rockefeller needs someone with financial expertise because the university is growing and there's lots of new things. You have to again we go back to the the original discussion the last time in the up until the mid 80s or sort of early se mid70s the most important thing was your name. If you were Rockefeller you already were considered to be brilliant. If you were head of General Motors it was your reputation. It was who

you knew, who your family was, what was your character. And then in the mid70s, basically, if you remember, you probably had a calculator. It was very advanced in those days to have a Texas Instrument calculator where it could by putting in the numbers, it would multiply for you to do square roots. And that was the first and everyone who had a calculator was already advanced on Wall Street. a simple calc almost like your accountant. The most important parts of business were really now going to

calculations. So it's not only mathematics but things that could be calculated. Reputation couldn't be calculated. I could give you are you a 10 on a reputation scale, an eight? What does it mean to have a measurement of your reputation? We'll get to that later. But people places like Rockefeller needed someone to say look we are entering a different world where numbers and the numbers of companies portfolio management was going to be balanced. It was going to be statistical. Jeffrey could you come

on the board potentially sit on the finance committee nancy Kissinger and a bunch of other people. And David Rockefeller and I got along very well. He was just he was this unbelievable human being. respectful to everyone. He introduced his driver as his colleague, not his driver. He would never say, "This is my driver." He said, "It's my colleague." And David started to explain to me world politics. So David would say, Jeffrey, money is going to be sort of the most important things. People don't understand money.

You seem to have this knack for money. I said to David, tell me about your life. what was the worst and the best part of your life? So David said, "When I grew up, everyone knew I was a Rockefeller." They didn't know that my father told me he would not leave me a dime, no money. But every time we went out to eat, me and my five friends at school, they would leave me the bill. They would expect me to pick up the check because I was at Rockefeller. And he said, "I was chairman of Chase Bank." And he

said, 'I remember like it was yesterday, one of the headlines in Time magazine said, David, please fire yourself. So he thought that there was a a world that existed in that would be a combination of both politics and business and leadership. What do I mean? He formed something called the trilateral commission. The trilateral commission is some spooky stuff. People said it was something the people that the Illuminati there some mystery about it. People that ran the world. It was politicians. But David

said most countries the politicians get elected for four years or eight years separate from the royal families in England or in the Middle East. Someone's there for four years and then they're not there anymore. the most important people to have stability and consistency would be businessmen. So he formed this trilateral commission of businessmen and politicians from three major continents. So it was the North Americans, the Europeans and the Asians. So he said to me, would you like to be

on the trilateral commission? Now I was 30 years old, 32 years old. I said, great. and he said, "Well, you have to fill out this application so they have your bio." And I looked at the list of people. And it was Bill Clinton, former president of the United States, um Paul Vulkar, every great leader in America, the Asians, the Japanese, and with a a very long description of their history. And they asked me to fill in what I would like to have written. and I wrote Jeffrey Epstein, just a good kid, which I thought was funny.

Nobody else did. Um, so answer to what your question at that time I recognized around the world that monies and currencies were not really well understood. But again, it was only numbers. So numbers and I'll get to the fact that it was bad thinking. It's numbers are very good. Are most people are most people you meet even on a trilateral commission when you meet most people do you find most leaders financially illiterate >> economically illiterate most again most political leaders don't come out of a background

of finance most political leaders come out of a background of being popular so in some of the countries in some the African countries for example they might have been a military person they were a general in some of the African countries they might have been a disc jockey or in our country they would have been an actor. The knowledge of money isn't they don't have expertise. They have no degrees in finance. They really what and this is one of the major problems. Their expertise if they have any

financial knowledge is of their own checking account or bank account and filling in their own taxes. So many world leaders who don't really have a financial underpinning make fundamental errors when it comes to money on a country or institutional level. Let me give you an example. If you Mr. Bannon if I said your assets increased last year you'd say that's well that sounds pretty good. And I say what does that mean to you? You'd say, "Well, I have more money." I guess I'm I'm wealthier. I'd say yes. And if you

had if your debt increased, would you would you feel wealthier or poorer? You say, "Well, I don't want to have increased debt. I don't like the idea of that sounds increased debt." Now, that and world leaders understand when their assets go up, they feel better. However, institutions like banks, things that people don't really understand are financial underpinnings of banks. When I say your bank, Mr. Bannon, you have the Bannon bank, you doubled your assets. Sounds good. But what does it really

mean? It means people owe you more money. You don't have any money. More money. What? Yeah, a bank's assets are how much it is owed by other people. That's crazy. So if the bank went goes from a $2 billion of assets to 10 billion, it means people owe it an additional $8 billion and they but their assets have gone up. So the terminology of assets and liabilities is different for banks. It's not natural. And what most people and you ask questions about world leaders there's many people I think your old boss

Mercer understood. There's a fundamental part of money which is called fractionalized banking. And fractionalized banking is something that finance people understand. And the people on the street and when I say people on the street that's where I was when I started on Wall Street would find it impossible to believe. Impossible. Why? Bang and bank. I give you $1. Just one single dollar. In our system of banking, I would say, "Okay, Steve, I gave you a dollar. How much could you lend out to your

friends?" And your natural reaction would be, "Probably something less than a dollar because I want to keep something in my pocket." The way our system works is if I you as a bank are holding my dollar, you can lend out an additional eight or nine dollars. No, it's impossible. I only have a dollar, Jeffrey. We have something called fractionalized reserves, which is if you have one, you can lend out nine. That's the way our system works. And so not only do world leaders not understand banking,

but the man on the street, my father who worked in the park department, it it would be beyond his imagination that people could lend out more money than they actually had in their pocket. >> Next question. But how how did this in in in understanding that when you got on something like the trilateral commission, you're on the board at Rockefeller, which is the most advanced research, you get brought into the to the trilateral, which is the elite of the elite. >> How since you're only at that time >> 30 something eight

years from teaching at Dalton, right? You're 10 years 10 years teaching at Dalton. >> Yes. >> Walk us through >> I mean, put us in the room. Walk walk me through exactly what it felt like. What it felt like being on the board at Rockefeller. You got these Nobel laureates and you're sitting there making decisions and you start to meet these people on at Rockerfeller. Now you start to meet these people that trilateral commission. What what did it feel like? >> That's a great question. So what did it feel like? >> That's

what I'm in the business of asking. What does it feel like meeting some of these people like Kissinger or Rockefeller and those are two extraordinary people and but in general I think the question the people on Wall Street I tell the story the first day one of the first days when I was in Wall Street someone said to me would you like to buy ATV and I could I was looking in the brochure and I I couldn't figure out what stock had a symbol of ATV. V. And when I finally said, "Well, I I can't find it." And they said, "What the what's

the matter with you?" Do you want to buy a TV? Which is he he was selling hot televisions, stolen televisions from the floor of the American Stock Exchange, referred to in common as the televisions fell off the truck. That's so I knew what that phrase meant from Coney Island. But what I found was most people what be it in business in normal life or in the world leaders don't really understand money. It is something they think about. They have a sense of what it is. They certainly want more of it. But they

also make statements like we want more money but we don't want more debt. Which just shows a misunderstanding of what money at its core really is. So they don't most people don't they want to make it they want to save it but to understand it in intimately is is not a normal character >> at the at the the first trilateral or something. >> Yeah. Yeah. Good. >> Just just give me approximate. You you joined the trial commission. >> It might be >> and we'll be able to show the the we'll pull down the the chart

of where your name was, but just give me roughly when it was. I think it could be 90. I don't remember. >> Let's say early 90s. Yes. >> When you got on the trilateral commission >> and had the fir where was the do you remember the first meeting was? >> It was in Tokyo. >> In Tokyo and in what hotel? >> I would like to say the Hilton, but it's probably not. >> Um, and it's a three-day, four day. Give me some three-day event. And >> walk me through the whole thing. Starts with a dinner. Good. Take me just walk

me through it. >> It was boring. I can't I >> You couldn't possibly think it was boring. It's [__] >> It was boring. >> You had to be stars in your eyes. >> No. Oh. >> Do you fly over privately? >> Um, yes. But it wasn't my plane. >> So, it didn't count. >> No. >> Um, you you fly over? >> Yes. >> And >> and it was who >> who were the first like when you first met those leaders, you had to be wowed. >> No. >> You're 10 years out of Coney Island. >> No, I am not wowed by people of position. I'm wowed by people of great ideas.

And I don't care if it's the bus driver. I don't care if it's the student they had who has teeth strict coming out. >> Well, these guys have to have great ideas. The leaders of the three great continents of the world, North America, Europe, and the and and Japan. >> No, many of these world leaders become world leaders because they're popular and they were able to get votes or they were able to convince people to vote for them. I learned later um many of them were just like good at what they did in terms of

politics. Remember, world leaders are politicians in general. They're not scientists. They're not intellectuals. They're not great thinkers. They're great politicians. At the at the first Trilateral Commission meeting that you remember in Tokyo in sometime in the early 90s. Do you remember what were the big issues of the day that they were talking about and what did you think about it? Yeah. In fact, it was funny because they they were talking about inflation and they were worried that what would

happen they how do you control inflation and I as a mathematician I didn't understand the concept I don't understand the concept today you how's that possible well when you talk about most things to do with money they really money is meant to be local it's US dollars then I understand what it means if inflation it means My dollar today inflates and it doesn't buy as much as it did a couple of years ago. The price the prices go up. I don't have as it seems that everything is great, but in fact my dollar is shrinking in value. >> If if

you and you're the financial genius here. I'm just a I'm just a lowly M&A guy. >> Um if you let me if you let me finish the thought. Go ahead. So if if you're in America, you start to you can feel inflation. Your salaries gone up, but you don't buy as can't buy the same car. In fact, it starts to feel weird because the value >> this I wanted to answer the question then. That's my point. >> Sure. >> The the central the people who live and breathe this, the central banks have been haunted by the spectre of

inflation since the late 70s. >> Yes. >> First off, tell our audience how did that happen? The two great uh the two great financial events in the 20th century, I'm not going to get to the 21st, were the the the the um the great inflation in Europe after World War I, the the Great Depression, the hyperinflation in Germany that led to the rise of Hitler, and then this inflation in the mid70s. What was before you go explain inflation? Why is why is a spectre of inflation always the central thing in central bankers minds >>

because it goes back to this the first concept I said the weird concept of fractionalized reserves. The system is not well understood and will most systems in fact are not well understood. We don't know how our digestive system >> stop this is this impossible. The most the most the the world banking system, the world currency system, the world monetary system has to be so well understood by the green spans of the world and the Bernani of the world and the and the and you uh right the the

currency traders, the the the the guys making billion dollar bets every day, the the legendary guy on Wall Street in the late 90s, Solomon Brothers, um >> Liveri, no the guy that wrote Money uh >> Michael Wes Poker. >> Yeah, Lars Poker. Who's that about that great trader? >> L Reeri. >> No, the guy that ran the desk that eventually ran the the the hedge fund that went long-term capital. >> Ah, yes. I don't remember. >> Who's the guy? >> I want to say I don't remember. I'm sorry. >> Luner is big. But those guys have

to understand the system perfectly. >> No, they don't understand the system. They understand the local part of the system. So for example, why is not only inflation most bankers are terrified to if the public understood that the bank really doesn't have their money at any one time. There's one of the things during the depression there were runs on the bank. The reason the banks don't keep much money in the actual bank is they assume that not everyone's going to want their money on the

same day. So that's not really the fear of inflation. The fear is a run on the bank. Everybody wants to take out something that doesn't really exist. Inflation is tied to interest rates. It's a more complicated example. But when your money doesn't buy the same amount of product this year that it did last year, if it buys less and less like it happened, you use the term hyperinflation. There's h certain countries that are not managed well like in Africa at the current a$undred billion dollar bill a hundred billion dollar bill in

Zimbabwe is worth one American cent that's the perfect example of hyperinflation it goes up it doubles every day so people are afraid that their value and the system starts to break down but so if I said to you does your doctor you understand your body system? You'd say, "Well, I hope so because I want him to keep me healthy." But you could have a kidney infection. You could have a heart attack. You could have a broken knee. There's lots of pieces of this system. And in fact, when you ask the question, very

few doctors understand your entire body. There's a specialist for your knee. There's a specialist for your polyoidal cyst. There's a specialist for your head. And now we have specialists in different areas. So in and I'm going to get to your first question about Santa Fe Institute. The world economy and your body are both comprised of little systems interacting with each other and making one big >> system. You you you expect this is what's stunning for all the little guys out there, the populist movement,

the little guys that that haven't had a pay raise in in 30 years. They think that these elites, you know, have everything. The the guys in the room making the decisions, the the the party of Davos guys. You're sitting there and you don't think many people today really understand the complexity and really all the moving pieces and how they interconnect of the world's financial system. No, the nice not only don't they understand the complexity and that's goes back to Santa Fe Institute was an

attempt of trying to see if there was a way to mathematize formularize or algorithmically understand what the term complexity means. That's that goes back to the original question. Complex systems are complex by definition. But there's not necessarily it's not one level of complexity is we might say well our fingers are complex the movements the muscles of our hands but it's not as complex as the blood system now I have a circulatory system I have systems on top of systems so that there's

no one group of or person that really understands the way the body works. There's no one group that understands the way the financial systems work. You might understand US bond market. Now you've asked about the trader long-term capital that was a bond fund very small part of this very complex system. So the goal of the Santa Fe Institute was to see is there a way to get in somehow understand how complex systems interact. Fast forward, Steve, to today where Google and these other um engine companies, the

other tech companies are trying to build artificial intelligence. The strangest thing that they found, one of the strangest things is that the systems that they design, this artificial intelligence, which a lot of people have heard about, is they design a bunch of systems. They're called neural nets. terms simply taken out of brain work. Neur neurons in the brain nets because they actually look like a net. They put in some inputs. The computers work, spit out an answer. Sounds normal to you. It's because you're thinking about

that calculator you had in 1976 on your desk. When you ask the person who designed the system, how did it come to that answer? How did your neural net? Can you show me the calculations? They say, "No, we don't know. We don't know how the thing we designed actually came up with that answer. That's pretty strange." They take the same neural net now and they put it in front of a video game. No, no learning, nothing. They said to the computer, they say, "Sit in front of the your video game and learn

how to play." It seems the computer learns better than any human in history, faster than any human in history, beats any human in history. But when you ask the designer how did it do it, no one knows. It just did it. So that's the first little touch of things that we already have gotten to a place where we don't understand it and we build it. on Sunday afternoon, September 14th, 2008. Where were you? >> Sorry. >> It was the night they put Lehman Brothers in bankruptcy in London. >> I was in jail. >>

Seriously? >> Yes. >> So, the financial crisis of 2008 happened when you were in jail? Yes. >> Oh, this is going to be so amazing. >> This is going to be so amazing. Um, I take it you couldn't you didn't have your Wall Street Journal dropped off to you in the morning, your Financial Times. >> No. >> How did you hear about the How'd you hear about Because I want the I'm >> I forgot about this, but yes, >> I'm trying to get this is going to be amazing. This is Let's go back and do that again. uh um Sunday afternoon

because I want to find out about people the geniuses understanding the complexity of the financial system because I think the best example we have is the financial crisis of the crash of 2008. Sunday afternoon September 14th I think it was 2008 is when they were working feverishly in Midtown Manhattan at the Lehman Brothers offices and at various law firms around town and with the secretary treasury about in the Federal Reserve what they're going to do with Leman. decided they weren't

going to save it and so they prepared to get put into bankruptcy at the open of the market in London the next day. How did you hear about what was going to happen to Leman Brothers and what did you immediately think when you heard there was going to be put into bankruptcy? I'm glad you asked that question. I was in solitary confinement September 14th and unbe again some of the public stories about the wonderful time I had in jail and my work release which didn't

come till months after. I'd been there since June in an 8 by10 cell with a bed in the back, six foot bed in the back, a uh chrome sink with toilet attached to it, and a little piece of metal sticking out that was supposed to act as a table. Now, since I was in jail, there were no books. Why? There's no library. No library, but you're in jail. No, I was in jail, not prison. So in jail I was in a place what's called the special housing unit which is for the roughest, toughest, meanest people. They had put me there, they said my

own protection. So I was in a 8 by10 cell with a little slit in the door where they would serve my food on a on a tray about 9 in by 4 in. And then soon as I finished eating, they would take the tray and close it down. And one of the guards said, "Do you understand? There's a cr there's Wall Street's crashing. I'm I'm worried about my pension fund. What should I do?" And I said, "Sorry, Wall Street's crashing. What's happened?" And he said, "There's some crisis and some companies are going bankrupt." I said, "Are

you sure?" And he said, "Yeah, it's all over the papers. Everybody's ter we're all terrified we're going to lose our life savings because we have either a 401k or our pension funds. We don't know anything about money. Mr. Epstein, can you tell us like what's going on? Am I going to am I going to be able to afford my children's education? Am I going to be bankrupted like this company called Lehman Brothers? And there's another company in the front page today called Bear Sterns. Oh no, I said. Why?

because that's the company I was a partner in and in fact that was a company I had a very large investment in. So, as a great story, I I didn't have my Wall Street Journal, but in the early mornings, you're allowed to make two phone calls. Collect. And when you you pick up the phone, you can dial a number and when the person picks up, they say, "You're getting a call from the Palm Beach County Jail. Will you accept reverse charges?" And the person either says, "Yes." and they call goes through or the person says

no. The person I had called was Jimmy Kaine, the president of Bear Sterns. And I said, "Tell me what's going on." And so that my knowledge of the financial crisis happened with Jimmy who was at the center of the storm telling me about what Lehman had gone under. And they were trying to figure out a way should they bail out Bear Sterns. the um did it strike you at the time of the mess you had made of your life to be in a situation that you're one of the greatest financial minds in the world looked at by world leaders

and uh asked their you know uh you're thinking by the most prominent and important people in the world and here you are in solitary confinement you can't even you can't even you got to make a collect call to somebody did did it did it strike you at the time how how all the threads of your life had come together and and and and put you in a position or you had put yourself in that position. >> No. So it never struck you when you had to make a collect your one collect call one of your two 50% of your collect calls

that day you call the president or the head of the CEO of Bear Sterns the biggest financial event in your life is taking place of which one every important person in the world would be seeking your opinion. Number two would be a uh a once in a-lifetime opportunity to apply your craft. Number three, it would be a once in a lifetime opportunity to make money if you were smart. And obviously you're smart. You're telling me here truthfully that it never hit you at all of how you had ended up in a place where

you had to make a collect phone call from a jail cell that was 6x9 with a steel bed and your food being passed into through a slot. >> The question you want to ask is who was the other call to? >> Who was the other call to? The other code was to my friend at JP Morgan who was then I didn't know it at the time trying to buy Bear Sterns. So at one point I had two phones. It was difficult because they're afraid people are going to hang themselves with the phone cord. So they don't actually come together and

they're pretty short. So I was actually going between two phones talking to Bastrons and JP Morgan at the same time. So I found it amusing. >> And it never struck you about how to end up in a situation like this? >> No. That would be probably means I would be too self-aware. >> You can't possibly expect me to believe this. >> I know. I don't believe it. It's even you're telling me that and during that day >> you never had a moment you sat there and go what the [__] have I done with my life that I'm in a 6 by9 jail cell

when I should be on a trading desk or I should be in my $250 million uh you know greatest townhouse in New York City taking calls from the king of Saudi Arabia, the president of China, the head of Russia, the president of the United States to uh save uh the world's population from a financial debacle. You're honestly expect me to believe that you that never happened? >> You're suggesting I was sort of somewhat depressed and how how could this happened to me? I >> I'm not saying depressed. I'm saying a

moment of awareness of how could I get myself into this situation? >> No, I would just say how strange that this happens. Just it's strange. I'm wearing a jumpsuit and flip and flip flops. >> What color was the jumpsuit? >> Brown. >> Brown. Brown jumpsuit. >> Yes. >> I notice I don't see you in a lot of brown. >> No. >> Brown jumpsuit and flip flops. >> Flip flops. Yes. >> With no access to books, no access to newspapers. >> No access to anything. >> You had lived on information >> except my Almond

Joy bars. I had extra Almond Joy bars. >> Did you eat Almond Joy bars and things like that because you're afraid of what the the cooks did to your food? >> Yes. >> Is that because of of that you were in for the crimes that you were in for? No, it was just be in fact I was >> because you're wealthy. >> Yes. >> How did it how did you know that? >> Well, people people would constantly com if I was passing by or have to go for my medical, people would either ask to borrow money or make some other types of

comments about >> in the beginning. >> What were the comments >> at the beginning? What were the comments? It >> it's it serves you [__] rich guys right that you're here next to me. >> There was nothing about your crimes. >> No. So, all this rumor you hear all the time uh about people in prison that commit the type of crimes you commit, that's you're saying in your personal thing is not true. >> No, >> it was all because you were rich. >> Yes. >> And it was all because they wanted to borrow money. >>

Well, get advice. >> Yes. >> What? They get advice to to go long. To go long time to buy. You're telling me in solitary confinement they're they're they're interested in going long. Yeah, they want to know what >> what's that say about human nature? >> Well, what I think the people find one of the reasons they wanted to keep me in solitary confinement was they're afraid that everybody would want to know which stocks to buy and but what happened was after this crisis now it's on the front page of every >> I don't

want to leave lose this data. Sorry. Sorry. Right. When you first heard that, did you >> Was it Bear Bear Sterns had been kicked into bankruptcy what, six months before? >> No. No. This is the same time. This is part of the same deal. >> I thought I thought No, no. Bear Sterns they bear Sterns they Oh, they saved Beer Sterns and didn't save >> uh Leman Brothers. Six months before they had bailed out Bear Sterns, but Bear Sterns was still a zombie. >> A what? For a shell of its former self. >> A former self.

But they had quote unquote saved him. They admit why did they make the decision in your mind? Why did Hank Pollson and Bernani this what's this concept of moral hazard? Explain to the audience what moral hazard is and why why did they save Bear Stern six months before and why did did the smartest guys in the room decide not to save Leon Brothers? It's a good question. The real issue is is I'd have to go back when you have these systems to the way your doctor responds to any type of

emergency in your body. If they might decide to save your kidneys and let your gallbladder go because the gallbladder is less important to your overall system. it people if at that time even it's it's not that long ago the boogeyman was when said what really happened Jeffrey what really happened why what is this financial crisis and you know the some of the progressives and the right-wing blame it on the banks it was the bank's fault and it's the fault of this very esoteric unknown concept of derivatives It

was really the derivatives that caused this financial crisis because the derivatives got somehow out of control and like the in the Mickey Mouse >> and that was the way you started your financial your financial your your road to a billionaire went right through derivatives. >> Yes. But it's but derivatives were not the cause. Derivatives were not the cause at all. It's like saying your hair was the cause of your heart attack because it was on top of your head. >> There isn't, let me say, there's no one specific cause.

There's a system collapses. So when many times when they have to make your death certificate when you say, well, what did he die from? They'll say heart failure. But if you say, what was the cause of his heart failure? Well, he had low blood pressure. His sugar was high. He was diabetic. He had all these other problems. But he said, "No, no, no. We need a word on your death certificate. Did he die from brain damage? Did he die from heart failure?" That's the financial crisis. Many said people said, "Well, what caused it?" They

wrote like on its death certificate derivatives, but derivatives were not a fundamental derivatives are not a fundamental cause of anything. >> On the So, the was it Sunday or Monday? I can take it was Monday morning when you made your two collect calls and you're talking to Bear Sterns on one hand and Morgan Stanley the other. >> JP Morgan. >> JP Morgan. Did you That was Monday morning. Did you Jeffrey uh being one of the financial geniuses in the world? Did you understand what Lehman

Brothers going into bankruptcy, the domino effect that by Thursday the financial system would be under such extremis if it didn't have a trillion dollar cash infusion in the United States it might collapse? Did you know that at the time? Did you view that at the time? >> Yes, >> you did. >> Yeah. >> Why? Again, I I I don't want to bore you or the audience with the the idea of it's a medical procedure, but you had system failures. So, you'd recognize that if I said to you, did you realize when your father was

on the ground and he was clutching his chest and he couldn't breathe? Uh it was a bad situation. He he could die. That's how I saw it. >> Did you Did you know did you immediately think about the commercial paper market? I mean the the mechanical triggers that actually had to you had to blow through these circuit boards. Did you know the circuits? Did you understand the circuits or did you have a concept of the circuits that were going to get blown through? Yes, but only because of an

analogy to a body. And in fact, from my se my telephones against the wall with my little metal wires because the next day I talked to another person in Washington about the issues of what I thought was happening and I made the same discussion about the >> they were at the Treasury Department. >> Yes. >> So in a in a 6x9 cell in >> the phones were outside the cell >> in Connie in in in Palm Beach County, California. >> West Palm Beach, Florida. >> West Palm Beach, Florida. your juice diet. >> West Palm Beach,

Florida. West Palm Beach, Florida. West Palm Beach, Florida. Uh you're making a call to Washington DC to talk to some deputy deputy secretary treasury. >> Someone in Treasury, >> right? Someone in Treasury, >> right? >> And that does not the night before before you go to bed, it doesn't dawn on you at all. You never have a moment of self-reflection that how did I end up on this metal c when I should be at the center of things? >> No, I had a telephone. So, I've said I can talk to it makes no difference

where I am. In fact, I'm still talking to the same person if I was at my home in Palm Beach. But I'm here in jail in Palm Beach. >> I can dial my own phone. >> That's that's [__] No, but you can also make a thousand phone calls here. You got to make one and he's got to take >> Think how much better that was. I had to decide who was the right person to call. That was unusual for me because I would have called 20 people. >> And what was this? What was the advice you gave me? >> I said we have you have a sick patient and

it's very much like a sick patient in the emergency room. Don't you can't think about it like your car. People in normal walks of life think about money and things as a machine. And unfortunately, so if your car breaks, cars are always easier to fix. my jets, my cars, if it breaks, I know it can be fixed because it simply follows the same pattern. If this part breaks, you replace the part and the thing works again. People and the financial system are not machines. They can't be fixed the same way. You can't simply take

out the B, put some more juice into the commercial paper market, and that's like replacing the carburetor on the car. It's much more I have a patient who can't breathe, has a stomach problem, can't see, has looks bleeding at the same time. What do I do first? I have to think about it as a system. Where's the most logical place? What's the most dangerous place? If your heart stopped, we have to start your heart again. If the in the equivalent to the money market, why do I have to start your heart

again? I need to get your blood flowing. If your blood stops the you're dead. If liquidity, which is the equivalent of blood in the financial system, dries up. >> What's liquidity is basically cash putting cash into the system. >> Forget about what it is. >> Okay? >> Liquidity is liquidity. It allows the system, it's the blood of the system. You need to pump blood hard into the body of the economy to keep it flowing. And if you if you're especially when you're worried about someone dying, you're not going to be

worried about the nicities of well, you got the shirt dirty and there was some damage. Pump in that blood. Keep that. >> When you talked to to the person in treasury on Tuesday the 16th, did you get a feeling as you were sitting in your 6x9 jail cell in West Palm Beach, Florida, that they were on top of things? >> No, you can't. It's impossible to be on top of things. There's no such thing. It's again the doctor watching the patient die. You hopefully have some confidence that he's seen it before. He recognizes that there

are some steps he has to take first before he bandages the guy's finger or worries about what shoes he has on. So you hope that the people in charge, your doctors who are working on the emergency patient, have enough experience and frankly judgment to try to keep the patient alive. Do you think that they did you think that they >> had those things? Patience and judgment. >> They had pretty good judgment and you needed a lot of luck. Just like in the dead patient, you need to hopefully you put that blood in

and it's not too late. And you maybe you make some mistakes, but you have to know you're going to have to give it a shock. >> In the run-up to uh the September crash of 2008. Yeah. >> I guess you weren't occupied with finance that whole summer. How long had you been in jail? >> I got went to jail June 30th. >> So the entire summer? Yes. >> Before you went into jail, you were still very active in the financial markets. >> Yes. >> When I say active, you trade currencies every day. You trade

stocks every day. When when people someone like you are give you give advice to people to trade stocks or trade currencies. >> I I don't trade every day. I I think that's like Woody Allen said, it's you can't beat the bank. So, I I try to pick my spots. You know, George Soros picked his spot in the when the pound collapsed. This would have been a great money-making opportunity that passed me by when I was in jail, but that's not how I think. >> In the run-up to that, in the spring of 2008, were you that's when Bear

Sterns got in problems, I think, in in the spring of 2008 and they decided to bail it out. >> Did the Bear Sterns guys talk to you for advice at that time when the in the big crisis in Bear Sterns? >> No. the you see again unbeknownst to most people and it's easy to blame people for the financial crisis like you'd blame the someone for giving your father the drink before he had his heart attack but what really happened the real enemy of the finance system was Bill Clinton and if if you ask me what and who

caused the financial crisis I would tell you it was Bill Clinton because of what Bob Rubin and he did to the financial deregulate the financial system. >> No, because as of the last time we had our 60-minute interview, you talked to me about home ownership and you asked me whether everyone should own a home and I told you no, it's too risky. So the financial collapse of 2008 is because of hardworking African-Americans, Hispanics, and and and and whites who wanted to have a piece have a ownership stake in in

in the society that all rest on their shoulders. They're the culprits. >> No, not at all. >> Okay. Then >> I I didn't say they were the culprit. I I was pretty clear it was Bill Clinton. >> Okay. >> Why was it Bill Clinton? Because Bill Clinton wanted to get votes from those people. and he sold them the idea that instead of renting in a house and historically the values of houses had gone up and he said, "You guys in these local communities who haven't been able to afford a house before, I'm going to show you a way. I'm

going to give you a way because I'm sure you I'll get your vote that you can own a house because I want your vote." So, what we're going to do is I'm going to let you buy a house, Mr. Bannon, when you really you you're right on the border, maybe or not even on the border. You your credit is not good. Okay, let's let's be honest. And it's not my fault or it's not Bill Clinton's fault, but whatever happens at the moment, your credit score or whatever it is, your credit's not good. Now, normally you come to me and you're a

want to borrow money. I'm a bank and I say, "I'm sorry, Mr. Bannon. I can't lend you money because your credit score is not up to where it needs to be. Hopefully, if you work harder and clean up some of your problems, it will be." But no, what I say to you is I'm going to figure out a way to lend you. lend you, not give you. I'm gonna lend you money anyway, though you don't have a good credit score. And don't worry, I'm gonna get a rid of the term that you don't have bad credit. Bad credit sounds projorative. You

don't want to be a person. >> Sounds judgmental. >> Yeah, it sounds judgmental. So, what we're going to do is we're going to call your credit situation subprime. Oh, nobody knows what that means. Subprime. That means prime is good credit. Subprime is not good credit. Less than good credit. So, we'll call it something that people really won't follow. And we'll tell you what, we're going to have people lend you money though you are a subprime borrower. and I will figure out some government

agencies to guarantee your loan though I don't think you're a good risk. So the banks say no no no we don't want initially the bank said sorry this is too risky Mr. president for us. We're in the business of managing risk. It's not our money. It's the hardworking people's money sitting in our bank. We can't lend to people whose credit is not prime. You're asking us to lend to people who are subprime. And he says, here's the key. If you don't, Mr. Bannon, I'm going to make sure the Justice Department charges you with

discriminatory lending. because you refuse to lend to my subprimers. In business terms, you should never lend to. But what we'll do is we're going to I'm going to form an agency called Fanny May and Jinny May. Just another agency names. They'll guarantee your loan. So don't worry. Don't worry. You don't have to pay it back anymore. Even though you and maybe you don't even have to work as hard anymore. It's that's probably a harsh statement, but these players, these two big firms,

Fanny M will guarantee the fact that that bank will receive its money. Now the bank says, "Wow, best deal in history. I refuse to lend to Mr. Bannon, but now he has the big brother uncle, his uncle Sam." He went to his uncle Sam, and Uncle Sam says, "I'm guaranteeing it." The bank says, "I want everybody. Give me as many people as you can give me because Uncle Sam is the best credit in the the world. Not only it's the United States government. We'll take it all. We'll take as much subprime as we can handle

because it's the best investment for the moment. It's a strange investment because it has politics that has inserted its way into the numbers. politics doesn't belong in the in the markets. But now we're going to have I want the votes. We'll make guarantees that you who can't get a house normally will be able to get a house from the bank. The bank says this is the best deal in history. We will package a hundred, 300, a thousand of you subprimers and we'll sell it off to somebody else and the whole system becomes

mired in subprime mortgages. That's becomes the the issue. >> What do you mean? >> This is too much supply. It's a supply demand problem. You got too much supply. >> No, it it's a very good question. What does too much supply mean? Well, then you get the people go back to your first question to me. Government leaders, government leaders know if they're good if and they can do mathematics, they can balance their checkbooks. So certain people in Congress said, "Well, how do you value these

subprime mortgages?" The banks say we've we've been valuing them the same way we've always valued them for the past 20 years. The accounting firms, there's something in in this country called GAAP accounting, which is a a standard type of accounting. And we account for them the same way we've always accounted for them. If we paid $1,000 for your mortgage last night, when we put it on our books today, we're going to say its value is $1,000. Makes sense. I paid for it. What's its value? It's $1,000. That's what I

paid for it last night. No, the Congress people said that's not really a good answer. You know that does that doesn't give us confidence that you know what you're doing because what happens if you have to sell it tomorrow morning if I you there's a something's happened and you have to sell it remember there's kinds of stress tests would you be able to value it at what you paid for it the day before and Wall Street says that's not the way you can think about this this is crazy we always value things at the cost

from the day before and they changed the accounting method in essence to say not what it was worth yesterday but if I have to sell what would it be worth that's impossible so what happens is every bank now has to value something they bought yesterday at lower than they paid never before in 20 years did they have to do this so something they bought at th000 on their books was a th00and is now 990 that starts to you asked the question about what did I start to think about something's a,000 and 990

this person now has to value it at 980 when did you first start to get nervous understanding Bill Clinton >> in all this did you change glasses >> yes >> okay >> I changed shirt >> I saw that black um >> are you okay with the >> yeah great I think we're all kind of changes. >> I'm experimenting. Okay. >> Um, >> when did you get a feeling? Did you ever anticipate before it happened something like 2008 could happen? >> No. >> How could that be? >> Because anticipated to death is that it's very much like a would I expect

anticipate I'll have a heart attack tomorrow? Unlikely. Was 2008 a heart attack or stroke? Debbilitating? >> Um, it's a better um I don't It was both. But why was it both? Because in fact, as I said, the blood was getting dried up in the system and the head which is sort of the central bank wasn't working. So to some extent it was a combination. It was a crisis. >> Did you see that building up over time? >> It's it's always been lurking in the background. I mean, if if you have an older parent, would you say it's

possible? Did you anticipate him having the heart attack today? No. You hope things are going to go better and maybe they'll fix it up. Um, the system was getting too complex and it wasn't based on derivatives because what people keep forgetting and as I was just explaining, Wall Street and in many professions including Wall Street, Wall Street makes it sound complicated. They don't want the little guy to understand what they do because they make so much money and they don't do very much. So they they couch it in

words like derivative and stock options and commodity futures and different types of contracts. It's all fairly everyone is capable of understanding it. It is not complicated. But Wall Street because they make so much money from doing fairly simple things needs to make it more complicated than it really is. the we had a a very big recession in the early 90s based upon real estate and and and at Japan basically imploding. >> Let's again you had a recession in the '9s. I don't know what it's based upon.

It's it's always interesting to look back and say separate from there's certain triggers like there in the 70s there was a >> what do you think it was based upon in the '90s downturn? It's clearly there was a huge downturn. No, I I just I know there was a downturn. That's what I know for sure. >> That's a fact. What >> everything else is is sort of speculation about why why did he have that? >> Understand that, but there's some speculation that has 0% probability of being true and there's others that have 90%. In in

the r in the range when you look at the range of alternatives of what could have caused it of and 90 and what I'm trying to do is get you all the way up to 2008. Look, you're the smartest guy in the room, right? You know that. >> Do you think there's anybody in the world today? >> Oops. That's this gonna be this is gonna be a bad question. No, no, but do you s do you think anybody in the world today, the Allen Greenspans, the Bernani, any C, is there any central banker you know, any partner of any Wall Street firm,

any guy running a trading desk, and I would take it that would be or anybody at a Larry Frink at Black Rockck, uh Steve Schwarzman at at Blackstone, the top hundred financial guys, and let's throw in a couple of Nobel economists and let's throw in the best professors at the at Wharton and at Harvard, at Stanford. Do you think that there's anybody that understands money or understands the world's financial system as good as you? >> There must be. >> But it doesn't come to the top of the head. >> No. >>

Okay. Fine. Now, >> now that now that Okay, now that I've gotten that, no, now that I've gotten that, let's go back to 1990 and that arc from 90 from the fall of the Berlin Wall to 2008. >> Good. We had we started with the implosion in Tokyo of the Japanese economy, Japanese financial markets. We had the huge run up in in internet stocks, right? We had the exp implosion of that in 2000. uh the um you know the the the bankruptcy of bar of uh of Drexel Burnham in 90 >> implosion of Japan huge runup in equity

markets for the internet implosion the internet 2000 10 years later roughly >> and then this runup through the Iraq war and all that the runup to 2008 every 10 years it seems like we're in some sort of 10 years before the 1990s was was the 70 am I >> you sound like an astrologer Okay. >> And not a financial >> I'm just you're going to be a mathematician. It just seems to me a pattern of every 10 years. >> That's that's misleading. That's exactly right. Because people like to see patterns. People like to see patterns where there

are none. >> So a pattern of a financial crisis every 10 years is just in my mind. >> Yes. Long-term capital. Long-term capital that had to be bailed out back in the late 90s when everybody panicked. And that wasn't a big that bailout today would look small and was it $5 billion or was $30 billion. >> People businesses fail all the time, >> but they long-term capital. The Federal Reserve stepped in. >> But I'm saying they f things people go bad. Things go bad all the time. >> Yes. The the the local, you're correct. The audiences watching

this, the little guys, they go bankrupt all the time and nobody gives a [__] You know why? They're a little guy. But when long-term capital management goes bankrupt or Bear Sterns goes bankrupt or Leman Brothers goes bankrupt, people care because it >> it's a it's an unfair characterization. >> Why do you say that? >> Because again it's the complexity of the situation. If you think about the think you have a complex system you have your body now in fact the little guy is my finger. This this is >> and Bear

Sterns is your heart. >> That's correct. The banking system is my heart. the system. I can't risk my my because remember it's not only >> you haven't been able to name you haven't hang on no hang >> I was trying to hang I wanted to see if the hang on worked >> you haven't been able you're not good enough yet you're like junior junior wizard trying to do it you you haven't you haven't I say since we can't name another guy that's as as as good as you there may be a couple out there you're not you're not

bragging you're you're humble >> it had to be sometime please tell me there was some time before you went to jail and and and basically got cut off from daily information in the summer of 2008. Um that you started to get very nervous that this complex system that something was deeply wrong. >> Okay, first let's go back. When I say no one understands the system better than I do, it doesn't mean I >> You always sound like a doctor you're afraid is going to get sued for giving a a thing. You're not you're

not taking on any liability. There's no contingent liability here for your >> No, no, no. But the word understand is the problem. I don't understand the system. So that's I don't understand the financial system. >> Please stop. You cannot sit here and tell me what we just went through. I'll go through again the hedge fund managers, the money managers, the central bankers, the commercial bankers, the heads of the investment banks, the heads of all the trading desks, the top uh economists, and I'll throw in the

business school lectures of Stanford. Of all the top 200, 250, you can't name off the top of your head. The guys are at least at your level. You have to understand it somewhat. >> No, sorry. We all don't understand it. No one understands it. It's a miracle. It's this this that's part of the problem. It's impossible to understand. That word understand simply means if this happens here, that will happen there. It's predictable. Understanding means it's predictable. It's not predictable.

That's the problem. It's very in complex systems. That was the fascination. Is there a way to tease out some level of predictability? >> So, >> in fact, you ask you would ask the question. It's a great question which was was it a stroke or a heart attack? Now, most people don't know that before they were going to have a stroke they had a stroke. Did they they just have a stroke? Do did they understand why? In hindsight, you go back and you can make lots of explanations. It might sound

good. And if you're talking to the the working man, you're using language that he'll never understand. It's complex. So he just like going to his doctor. He says he has a gastrointestinal problem. He has diverticulitis as opposed to saying you had a stomach ache. You ate bad food. People don't like to say it in normal everyman terms. The system had a stroke, but we don't know why. >> But you just Okay. Hardworking people and and there's a great social benefit. Would you not agree with having

people having ownership in the system? >> When you say ownership in the system, it doesn't mean >> Let's start over. >> Okay. Flip over your phone, too, because I don't want anyone to see on your phone. >> So, maybe flip it down or something. >> Yeah. Yeah. >> Yeah. Who knows what the [__] comes up on that phone? >> That's correct. >> We don't want to send your >> KSA. I can't even get I can't not believe I've got the magic moment when you're in [__] prison or jail wherever the [__] it

is in solitary. >> Now there's a funny part of that we missed which is said >> go ahead tell >> the funny part is what you asked me >> is there anything funnier than that >> for black humor it's >> I don't I don't make any black comments sorry uh you asked me what I was wearing. >> That's right. You're too wrapped up in the Me Too movement. >> Yes. So, I was wearing a brown jumper and a brown pair of pants given to me by the jail with the word trustee on the back >> because you you had qualified to be a

trustee. >> Well, the funny part was it was spelled trust s y so I wasn't really sure. Uh I'd been a trustee in many different operations, but it was the first time it was actually printed on my back and spelled incorrectly. probably had a higher level of of being a trustee at at that than you had at all the all the boards that you were trustees, right? >> Yes. Because the trustee meant you get two um devices to clean your toilet as opposed to one. >> Yeah. But it also meant that you you had some sort of personal

fiduciary own responsibility for oneself, right? >> In the jail, you mean? >> Well, that's what being a trustee is. That's why they give you two. >> Yes. you get two cleaners. I was a trustee in the jail because I was able to teach some of the kids from TR to help them get their GED. So that's how they gave me a trustee job. >> There's no time I got to go back to this because it's it's I'm like a dog with a bone in this thing. >> Yes. >> You can't There's something deeply [__] up with you. >> At least something. >> Well, we

know there are things deeply [__] up with this. you will get through in this film. But you cannot possibly have to sit there knowing that you came from nowhere, knowing that you went to the very top of what is considered outside of science and maybe physics the thing people most admire because it's like alchemy understanding high finance to sit there in what will be the defining financial crisis of our time like like Black Friday and or Black Monday whatever it was in the Great Depression and be there at that

exact moment triggered in part by a firm that you used to be a partner in and knew intimately well and it created much of your initial net worth because of >> and know that you couldn't someone who lives on a phone, >> right? Yes. >> Because you do live on a phone, right? >> Correct. >> You had to make collect just two collect calls. cannot tell me sometime during that day. You did not have that conversation with yourself of how the [__] did I do this to myself to put myself in West Palm Beach in a 6 by9 cell

with a metal [__] bed with a brown shirt that said trustee spelled wrong. >> So, did I find it amazing that I was there? That's a >> not amazing. I don't want to say it was not funny. Oh, I thought it wasn't funny. >> Right. >> Not amazing. It was incredible. >> Inc. Incredible in what way? >> Incredible. Like, how do I do this to myself? >> No, it's as incredible as me sitting here in this house. They are both just two sides of the coin. That's how I think about it. That my life today is incredible. >> Do you consider yourself a

stoic? >> No, I consider myself a hermit. Stoics are not very happy. you being a hermit then being in that 6 by9 cell being in the cell qua the cell was not the problem right >> correct >> what was the problem the eating the almond joy bars >> because you couldn't eat the food >> no right >> and but remember my my life is >> did that ever strike you that I gota I can't eat the food because somebody might have done something to it. I got to eat. I got to live off an Almond Joy bar. One a day or two a day or whatever.

How many ever sneak in a day? >> No sneaking in. >> You're one Almond Joy bar. Did that not It did not hit you at some time. How the [__] did I do this? >> No. >> Let's go back to the spring of of 2008. Were you so wrapped up in your personal issues at the time you were not spending enough time on the financial markets or were you deeply involved in the financial markets like you normally were in I would normally I was involved. >> And you and you So we're saying that the smartest guy in the room didn't

see it coming. >> No, of course not. >> The bankruptcy of Bear Sterns, you just thought it was a Bear Sterns problem. >> You didn't see it as systemic. >> I I know you keep hopping on it, but it's it's not >> because you're a mathematician understands systems. It seems that anybody understands that they had a systemic problem, you at least be the first on the early search radar. If if you're not going to see it, then then you're then I'm really afraid because that means that that I always assume there's at

least a set of guys out there that have some sort of sense that something's not right. Imagine the guy who has a stroke or had the heart attack when you ask him, "Did did you feel funny the day before?" He's going to tell you, "Yeah, I didn't feel right. Something was off. I didn't feel right. I had a my my stomach was right. I felt a little dizzy. I felt a little weak. But if you asked him the day before, do you think you're going to have a heart attack tomorrow? He'd say, no, I just feel a little weak. I'm a little

dizzy. My stomach hurts. So the these systems and that's the issue of complexity. What complexity says is that in fact this everything seems to go along and people have seen it. One of the great examples of complex systems is sand dunes. In fact, the sand keeps building up. People have seen some and all of a sudden one more sand drop and the thing start all the sand starts running down the hills. That's the way I see the financial market. >> But you funded uh Santa Fe in the early 90s or late 80s? >> I believe

it was early 90s. I can get back to >> but but early 90s Santa Fe was funded for the study of complexity theory. >> It was stud math. So let's let's back up. So why did I buy a ranch in New Mexico 1993? So that's gives you some sense. So I would have funded it in 1990. Uh Los Alamos, which was the high energy lab up in New Mexico, was losing all its scientists. >> And Los Alamos, it was where Oppenheimer and where the where the a lot of the the nuclear weapons program, the bomb, >> that's where

Manhattan Project >> Manhattan Project was as Los Alamos. And you bought your property out in New Mexico to be near that. Yes, because the scientists were going to be they cut the funding for high energy physics, but the people who worked in Los Alamos would still be in the Santa Fe area. >> They cut that because the end of the this was the cold war dividend, right? >> I don't remember exactly why. It was because again people thought there was that physics and high energy physics really wasn't that

important >> because that was about nuclear weapons. >> No, it was because they were trying they decided was maybe not right. This was the same time that Murray Galman came up with the term quark. Qu U A R K. He he picked it out of a old poem, the word quark. But it was something it was mysterious. So they were starting to understand in the '9s that the in the our world of the physical world there was things that were just unexplainable. They called it strange things. You gave it a name. You gave it some

characteristics. You called it had charm was one of the term. It had a charm. It had a flavor. It had a color. But nobody really No one, Mr. Bannon, understood what it was, just like the financial system. >> And you wanted to investigate that. >> I I wanted to see if we could build tools so others smarter than me could help investigate it. >> And that was the beginning of your concept of the Santa Fe Institute. >> Yes. And Santa Fe Institute was founded to do study in this type of >> can you can these areas of strange things

be described by some form of mathematics. So that's what I'm trying to get at. The the the the the foundational thought, the organizing principle >> of Santa Fe in the high physics lab at um at Los Alamos, which had created the been the the headquarters of Manhattan and the Trinity project, right? The bomb. >> Yes. >> So you're talking about the the elite, the high priest >> of physics. >> Of physics. >> Yes, sir. >> Which high priest of physics, some subset of that is also mathematics. >> Yes. They're both

similar. project out. One of the tools you want to do is to make sure that in this complex system, the finance system, I'm doing a lot of this for philanthropy and a lot for the good of mankind, but also to be able to understand this complex system, the most complex outside of maybe our body of of the financial world. >> Yes. >> Did they create tools or were you a were you smarter in than the mid as 15 years later than you had been then because of work that was done at Santa Fe? No, that was it was great. But

in fact most of the money most of my philanthropy in the area of can you describe things that appear to be unexplainable by mathematics and can can you fund people who have new ideas and unfortunately when someone thinks they've been able to there's a man Steuart Calfman when they think that okay I figured out how to be able to predict the unpredictable what appears to other people to be unpredictable but my system in those days it was called genetic algorithms can predict the what things will happen then they all

want to make money so they use their systems to try to figure out they know they have figured out the way to make money because they figured out the unexplainable they try they go bankrupt and we start again so in with a cold view what I've come to realize is that the the attempt to mathematize formulize or what in your prior work to understand What really is in today's world still unexplainable is impossible. They're miracles. >> The uh your first head of Santa Fe was Christopher >> Langden. I think >>

Langden from from Australia. >> Murray Gman was >> Mur Gman was the fun. He was he was the the the rock. >> Yes. He was the rock. He was a Nobel Prize winner. >> Yes. >> Yes. And and a wonderful guy. He came out and helped us with the bias for two project. He came with Chris Landon. Yeah. Chris Landon was the operating the dayto-day. >> Chris was doing artificial life. Murray tried to lead his own artificial life. >> Yes. >> When Chris came to Biosphere 2 for the for the first um big conference we

had in 1994, he was one of the most impressive guys there among all the world's elite. Q Gardens, the Lawrence Liverour lab, the the the labs at Sandia, um you know, all the all the major universities, Lamont Dary, uh all the big earth observatories, Woods Hole. What set Langden apart I thought and the reason I invited Santa Fe to be part of it was Langden actually made a presentation that everything and he was making this to scientists a lot of marine biologists a lot of people that just beginning Wally

Broker and people were just beginning the study of climate change at that time called global warming that he made this compelling presentation that everything's really mathematics >> it's all just back to math >> and you have to all these experiments you do you're not one of the reasons they're considered by the high priest in physics as being real experiments is that they don't have a mathematical basis to it and everything has a mathematical basis to it. Langon seemed like a radical visionary.

What happened to that concept? >> You go back 350 years. So you have Isaac Newton, you have linenets from move forward. You have people like Heisenberg and Gdell, Gur. And what every one of those mathematicians and philosophers came to understand is that there's something with there's numbers can describe certain things. approximate certain things but in fact trying to put measurements and numbers on other things that are really unexplainable is folly. It's so 300 years ago they said that

unexplainable realm was God and people who attempted in fact to explain the unexplainable who said yes I understand the unexplainable were charlatans they were the occults they were the astrologers they were the conmen alchemist >> yes well no alchemist was in fact they believed that there was a way to transmute one metal into another in fact they always wanted to see if they can create gold. There's no reason if you think about it they recognize that one metal is different than another metal

because it has some additional pieces to it has additional neur neutrons or protons or electrons. So because they thought it was a machine, they believed it was a machine. If I can take five protons and add five, that gives me 10, I should be able to get gold. The move everything around inside these systems, the molecules transmute one molecule into another. And if this molecule I've transmuted it into is gold, I'm a rich man. It's back to money. But there's something strange happens. Isaac Newton says, "This

is really weird. If if I want to push a ball on the table, I have to touch it. I could maybe I have to blow on it, but I actually have to push one side of the ball or the book to move that side. I'm pushing here." And obviously the this thing is what appears to us humans to be solid. So it moves as one thing. But the only way to get something to move was to touch it or put a force against it. Okay, seems to make sense. Everybody has that experience. I want to lift a glass, I lift it. If I want to push a ball, I push it. If I want to pull a ball, I

pull it. But he recognized when the ball fell off the table, fell off the table, it went in a different direction. How's that possible? Nobody pushed the ball down. And he says, "This is crazy. Why did the ball go down? I didn't push it. I just let it go." So, someone's pushing the ball because I know I am confident that the only thing that gets something to move is with a force that pushes. So, there's a force that's pushing the ball down. In fact, he never he called it gravity. He measured how fast it was

pulled, but never was able to explain why it happened. How is it? What is gravity? It's this. Everybody says, "Well, why did the ball fall to the ground?" Because gravity took it. But what's gravity? That's, as Fineman would say, that's the name of the thing we have no idea what it is. This goes to Santa Fe. They were trying to put explain the unexplainable. Can we measure? Can we figure out a way to predict the stock markets using these types of chaos complexity? >> Before we get there, let's walk back through.

Let's let's go let's let's go back to Newton. >> Sure. >> Pre-N Newton and then Newton. What did Newton solve that for millennia up to Newton had not been solved. Then I want to go forward all the way to Santa Fe. What they were trying to solve. Let's start with just two or three the basic guys. But let's go with Newton. What pre- Newton it was what? And then why is Newton such a >> a genius >> in such a in in the I think mathematically they told me one time I've seen there's been 115 billion people roughly

that have lived on the earth. Uh and of that 115 billion new are >> you sure that's a number that sounds a lot very high. We only have seven now. >> I I think in the history of the earth I think I I'll I'll pull I'll pull up the the stat for you but I think it's 115 billion people they figure >> that probably is inflation. And that's why >> have have lived have lived through the have lived on earth. But he's one of the handful of the most important. >> What did he solve for? Why is he so important for how we live today? And then we

want to go through lienets and the other two or three other major ones that get us to Santa Fe. >> Well, that's a long it's a long journey. >> It's this is the heart of the this is the heart of what we're trying to do. >> Let me take a bit of a detour just a second. What if you if you went to high school and the last year in your high school you took calculus? So Isaac Newton sort of invents calculus. But that sounds you know mathematician >> to torture to torture seniors in high school before they graduate. >>

Yes. But obviously no. Yes. The answer is yes. Certain people can't could never do calculus. Uh >> why why is that why is calculus so why is that the dividing line between you know to me people who can handle that and can go on to do certain things and people just hit the wall even if they know math it seems to me that there's that that calculus is the is the thing that changes it it's it it bridges that's because it's about the the about the theory of change and the theory of how things change >> it it's a great

question but in fact with calculus does is it's it's somewhat philosophical. That's why mathematics is is you know they used to Newton wasn't a mathematician. He was called a geometer. That's what they used to call themselves. They understood geometry and and numbers. But there was an there's an old conundrum uh where it says if and during Pythagoras days, Zeno's paradox it's called where they said well if I take if the wall is two feet away from me and I take one step that's

halfway to the wall that'll be one foot away and if I take another step that's half again that'll be half a foot away then a quarter of a foot. I could walk forever but never touch the wall. Doesn't sound realist. Doesn't make any sense in our real lives of the physical. But what Newton understood is many problems were like that. Many things approached the wall or in his in calculus approached the limit but never really reached it. So he said it's okay. You don't have to reach it. We can do lots of the

mathematics as if it was so close it was almost there. And we could do lots of mathematics almost being at the limit. And this is really important, Steve, for today because most of the science up until today was things that are starting to approach the limit. This you were taught in high school that if you had one divided by zero, what if you remember your high school algebra, you were told, what's the answer to that? Is there an answer to one divided by zero? No. If you were in high school, I'd say stay away from it's

the boogeyman. Uh you could write it down as it's undefined. It's not able to be determined. that there's a bunch of things but in fact one divided by zero is a strange things happen. It's a world of the strange. And what I'll explain to you after is that when you get one divided by zero, you get into a world we don't know what happens. The answer is it's not explainable. We can give it we can call it things like undetermined is what we can give have a convention to say it it's x y or z but in real life we don't know

what happens when you are actually at the limit. So that's an Newton thought the same concept is that the limits were Philip God. You got close to God but you can never be God. He had this sort of religious interpretation. >> Okay, I want to go back to Newton. Why is Newton such a big dividing line in mankind's history? What is it about Newton? What is about what he trying to solve? What did they not know beforehand? And what because we live to a degree in a non Newtonian universe

although I realized later sub sub particle atomic physics but at least for a while it was Newtonian. So what's the dividing line? Why is he so important? Why is he an inflection point in mankind's movement from the swamp to the stars? >> It's a great question. The stars were by Kepler. What what Newton starts to allow us to do is to make prediction accurate predictions. Remember that we've got talked about that with money about the things in our physical world. How cars he didn't have cars then how horse

carriages moved how things how bowling balls moved. how pool cues and pool excuse me pool table balls >> and people tried to solve that before Newton >> Heracitis or or or you know Plutinus Pythagoras had had these great that we hear about had they try to solve the same problem >> not the same problem they try to again what Pythagoras did he starts to figure out this relationships in triangles for example everyone knows the A square plus B square is equal to C square that Pyag Pagorean

theorem which is basically says these shapes in a triangle. Each side of the triangle has a fixed relationship with the other two sides. That's strange. He knew again but it was all numbers. This was a a system of things in the physical world. And Pythagoras says we can start putting numbers on things that help you predict how they will behave. You can add two triangles and make a square. Some different shapes. They were looking at geometric forms. Newton says, "Well, I want to know how planets move. I want to

know how things around me move. Can we find formulas? Can I find formulas that explain what I see in the physical world? How physical things interact and how they describe one another. Again, that the fact that two things, two solid masses, for some very strange, unknown reason, unknown today, attract one another. No matter what they are, people have seen the experiment you hang of something, two little metal balls from a string, they move towards each other. In fact, there's a they move towards each

other was a very I'm very specific. So when you drop the ball to the floor of this room, Newton says in fact the room came up a bit to meet the ball. The room moved. It's imperceptive that motion, but they attracted each other with certain ratios. So he started to be able to measure things in the physical world and that was great advances. It also now you wanted to move very quickly. Unfortunately, most people especially in the 20th century 19th century said well like Newton let's measure everything.

Let's measure people's behavior. Let's measure their psychology. Let's measure their health. You go to the We could have my blood test. Let's measure everything. Measure Wall Street their voting habits. >> Measure. Measure. Measure. Can we put a number on how much I care for my wife? Can I put a number on how I feel? And we tried unfortunately we ma tried to mathematize the the finer things in life and then recognized that there was things that unfortunately just fall outside. Everyone Schroinger wrote a very

famous book about what is life? He was trying to figure out a way. Can he describe the difference formulaically between things that are alive and things that are dead? The answer is no. The things that are alive in my world are miracles, not magic. Magic has a bad connotation. >> You don't believe in the spirit or the soul. That's what animates people is your spirit or your soul. That's what you have. You ever seen someone die? When they die, their spirit leaves. >> Their soul leaves. No question. So >> there's

no question to you about that. >> No question. >> There's no question to you that there is some animating life force within us that leaves when you're dead. >> Yes. In fact, I refer to the soul. This obviously a certain the questions in the past even during >> people would normally think you were soulless. So have you just No, but have you talk about you actually believe in it and have done some thinking about it is pretty shocking in its own right, isn't it? Well again mathemat linets and linets thought >> you know

Newton was at Cambridge and he was the head of the math department right he's a professor essentially >> linenets who was lineness a German professor >> yes but what linets said is the soul is so strange because god took chemicals which is simply the material like tables and he somehow made this material able to have a thought How strange is that? Not only does it it have a soul, but this some way it was put together that this material substance can is able to think. So when you say to me it's obvious

to everyone that there's such a thing as a soul. Now if you're part of the charlatanville, you'll try to explain it to people. The soul I describe is the dark matter of the brain. Why is it dark matter? Because in high energy physics nowadays you hear terms of dark matter, dark energy. Again, terminology, complicated term. Why is it dark matter? Because we can't see it. That's all. What? What do you mean you can't see it? Well, somehow we see something moving towards this area of darkness. Something I can

see this thing. This appears to me to be empty. It's just black. But I see it being drawn this way. So I say, well, I know if this were matter, that would follow that equation. If this was solid, it it would explain the way this particle moves. But I can't see anything here, so I'll just call it dark matter. And we'll say, I don't know what it is, but it behaves as if there was something there. The soul is obvious to everyone that there's something different between things that are alive and things that are not alive. But we

have no idea what it is. It's currently unexplainable. I believe we need an entirely different system of analysis to try to figure out. But no with Newton you know with all his alchemic study alche chemical studies and and and and things he worked on the spiritual side lie that just talked about the soul Schroeder talk about what was life if a modern scientist or someone that you funded at MIT or Harvard or one of these things talked in those types of terms they would be considered to be a wing nut today

wouldn't they would not be they would not be on the path uh for tenure Right? >> Unless they were in the philosophy department. That >> this is exactly my point. We're talking about three of the greatest mathematicians in mankind's history that have really changed mankind talking like this. What happened? How do we get to a situation where they could not be in the high physics, you know, they could not be in the mathemat in the mathematics department or working in high energy physics? >> Good. It's an

easy answer. Newton was a combination of mathematician or geometry then and philosopher and as time went on that those disciplines seemed to move apart. We had philosophy who some of the philosophers can't do math and some of the mathematicians and again mathematicians often break into two categories. People that solve problems those are more like geometries in the old age problem solvers and then there's thinkers theoreticians. They're more like the old movement towards philosophy.

But neither one of those two groups have been able to figure out why something is alive as opposed to something that's not alive. No one's been able to describe what the soul is, but we all know it exists. And my I I think um what we need is a new science is a bad word. I I think science only describes the things we already know about the physical world. In fact, there's an argument that the physical world that we see has been created out of our systems to be of mathematics. Mathematics,

everyone knows mathematics describes the physical world much greater than it should unless you my view the physical world really comes out of conscious beings that have mathematics. So they create it. This table appears to you and I to be solid. To a bat it or if because we have light that's bouncing off the table into my our eyes, it appears solid. If instead of eyes that responded to wavelengths of visual light, our eyes responded to radio waves, the radio frequencies. It's not different. It's the same type of

frequency as light with different um speeds. The table's invisible. We know that we our phone works in this room. So the waves are coming through the windows. The waves are coming through the walls. So the walls are invisible to that type of radiation, that type of energy. The walls are I can see them because my eyes a physical system determines that the walls are there. >> You with with Murray Gel you founded or with the original donor and had the idea of Santa Fe Institute in 10 or 15 years later that effort to study

the complexity of systems mathematically. >> Yes. It's a total failure. Yeah. >> A total failure. >> Total failure. >> Why is that? It >> it's the failure of science because in fact if if to some extent science doesn't describe romance. I don't know why I'm attracted to somebody. I don't know people are attracted to each other and some everyone has the same feeling. They've seen someone walk in the room and they say, "Oh, that person gives me the a creepy feeling." Science has tried to describe. Science doesn't

describe what creepy feelings means. They just know it's a creepy feeling. I think women, as I said the last time, have an intuitive sense. What is intuitive? They have intuition. They have feelings. And they're able to deal in the realm of things that men, especially men like myself, find unexplainable. They have great women have intuition. Men see things a bit differently. They men want to measure everything. Women are not really that interested in measuring in in what you're saying in macro terms. You

actually think science, mathematics, maybe ultimately technology is moving to that more intuitive. I think science and math are old-fashioned and unfortunately people are still taught that they have to learn algebra in school and certain things in school as opposed to learning to give have >> this is this what Larry Summers was trying to get at maybe didn't say it perfectly enough but what he was trying to get to in that system the systems we study today the way mathematics is either taught or

understood that women just haven't gotten up to the highest realms of engineering or physics or mathematics because of that. And you're you're actually implying that there's a either new branch of science or we've hit an inflection point like in Newton that's going to go in a Newton took mankind in a different direction because he was able to measure. Then you had subatomic, you know, non-Newtonian physics later. Are you saying that you think there's another developing field that's

coming up that may take us I don't know how many decades to get our hands around but that that's what's evolving out of this? >> Yes. Yeah. In in fact I think that mathematics it's not the end of science and every year someone says it's the end of we can't discover it everything there's lots to discover with relationship to the physical world but we know a lot already with in respect to the unexplainable world. we almost know nothing. Women again sense it. And instead of Larry Summers, I'll just I won't uh

digress too much, but Howard Gardner early on said there's not one form of intelligence. It's not mathematical intelligence. There's emotional intelligence that there's kinesthetic intelligence. You know, there there's this argument that I reject that black people are less intelligent than white people. It's not true. We know, for example, that if if I was in a in the forest and I had to run from the lion or figure out a way not to be eaten and my com competition is a local African, I'm going to I'm the one who's getting eaten because they

have the intelligence to deal with their local environment. So, it's just different. It's not better, it's not worse, but there's many differences amongst different types of people. And so people have different intelligences and they excel in some intelligences usually and less so in others. >> When did it come to because the world of high finance is a world of pure reason or is it is it a lot of emotion and gut checks and and and you know on trading desk and central banks when these decisions get made? Is it is it that

high church like the high church of science of of high energy physics or is it as much emotion that comes in as as much as the mathematics and the reason? >> It's a great question. I think if you talk to really experienced and successful traders and you ask them how they know what's going on, they can't give you an answer. They don't know. They feel it. They can feel the way the market's moving. They can feel the way the stock's moving. And that these are not very well-defined terms. It's not it's difficult

to put in mathematics terms how did I feel it? You could look back and make guesses what I was seeing. But great traders feel it and then act on their feelings. That's the difference. Many people feel it but are afraid because they want a mathematical justification before they take that next step. When you first got on the trading desk at Bear Sterns in the late '7s or mid70s, were you shocked by how little actual understanding of mathematics that the traders comprehended? Yeah. Again, we

had the Texas Instrument calculator. Most most stock brokers in the especially before 1975, if they were good stock brokers, could add. That's about it. They could multip if you could multiply, you were already in the top 15% of stock brokers. Stock broker simply meant I there's a great there's a story when I went to the first person I I had no money and I said how much money do you make a year and he said $400,000 said impossible I'm making $10,000 >> that's probably more than your family

he had made in his entire existence >> yes and he makes it in a year I said what do you do and he said it's too complicated for you to understand which is what the main thrust of Wall Street people. They they want to tell you it's too complicated because if if you understood that that person was simply he had a brother-in-law, in fact, in this case, who ran the pension fund of General Motors, his brother-in-law would call him and say, "Buy a,000 IBM. He'd hang up the phone. He'd write it out on a

ticket and walk it to a window." That was his entire skill set. Hello. Write what my brother-in-law says, walk it to a ticket window. Give me an example when you were on the trading desk in the early days at Bear Sterns of a time that you felt either complete uncertainty or you saw total panic where people something was happening that people couldn't foretell and that they were like in a in an airplane cockpit where it's going wrong. Walk us through that. 1978 I think it was um across the news wires uh there had been

a collapse of the currency in Thailand on the other side of the world had no relationship to me. I wasn't sure where Thailand was. But the fact that a currency, a country's money had all of a sudden dropped tremendously in value affected the rest of the world's markets and people panicked because they never they never seen that before. A very small part of a very complex system had a shock throughout the whole system. So prices on Park Avenue apartments, the bond markets, the stock markets,

everything started to gyate. You know, there's an old mathemat mathematics expression that if a butterfly wings in Mexico make the wrong turn, it spins out and eventually when it by the time it gets to Canada, it turns into a tornado. So these are part of complex systems. So yeah, Wall Street in in certain parts. >> Santa Fe Institute was supposed to actually come up with a formula for that for the butterfly wings. Wh why in 15 years did you reach the end of of at least that experiment? every attempt to my

that's why it's so exciting now because we I think certain people are starting to realize that there's so many things that are unexplainable that that we have to think about them differently. Music is a great example. Just a it's a common man's example. You know, when you hear a certain song, it makes you feel a certain way. How does it do that? We don't know. We can't mathematize it. And even that music, Steve, nowadays, we compress music. When you have a violin, it's compressed onto your

iPhone. So, what does compression mean? taking lots of information and I'm cutting it into lots of pieces and squishing it together. And when I squish it or compress it, I have to take out lots of pieces. But I say that they're not very important pieces. It's those pieces that we take out when we compress data to me are the most interesting parts of life. You just said a while ago part of this new search for science may have may go back to when people were actually talking about a soul and you said there no doubt in

your mind that there is a soul. Describe for me what you mean by that. What do you mean by soul? What do you mean soul different than the physical analog body that we're we're seeing on film right now. >> It's it's it's difficult to describe in words. I mean I I'm not a I'm not a poet. Poems get a little closer to what that really means. But we can even the concept of what is life becomes complicated when you deal with plants and seeds. Is a seed alive? I don't know. Certain people would say no, it's dead.

When when you're a banana, my one of my favorite examples is the banana that's sitting on the countertop in your kitchen today. Is it alive or dead? >> What do you think about human life? When is what what is human? Tell me about human life. >> But your banana is alive. That banana is breathing. It's on your you say it's impossible Jeffrey. No. Is >> is the banana conscious? >> Um all these word these are words. So you're everyone's trying to fit a very complicated concepts into a very small box called cons

conscious or alive. It's these don't fit in that way. So if you put your banana in a bag and put another fruit in with it, the fruit ripens faster because the banana breathes with it. That's how we don't understand most of those things. So you asked the question >> you talk about the life. What about human life? >> What about it? >> Tell me what what do you think? What do you think human life is? >> It's a miracle. We It's a miracle. And when I say miracle, I can't I can't explain it and I make no attempt to explain it at the

moment. This we don't know how to think about it. And anyone is again another one of the Fineman quotes when he was talking about quantum physics. He said, "Anyone, Jeffrey, who says they understand quantum physics and quantum mechanics and quantum behavior, you know, they're lying." Let's talk about it. That's post Newtonian. Talk talk about what's the difference. Who founded quantum mechanics? Why is quantum mechanics taking Newtonian physics and taking it to the next level? >> It it's forms a

much broader category. >> Let's go back to this desk. You you use the thing of Newton using this desk. What is sub? Why can't Newton's theory explain everything? Why did subatomic quantum mechanics or quantum physics have to come into explain explain this? Well, qu so let's let's go right back to square one. Why is it called quantum physics? So quanta is a word that simply means packet small amount. So it's quantized. So we recognized when we recognized that this this table appears appears another

very complicated word solid to us it has it's really made up of molecules or atoms and atoms we we've given lots of names to what some of the behaviors when if you were in school when you and I were in school in the 50s the model was a little center thing in the middle and electron went around and around it it was seen as a ball that went around and around it. And as we started to look at say, well, let's see what this ball looks like. I want to be able to examine that little thing called an electron. We found out

there was nothing there. There wasn't the thing. It it was simply a cloud of energy that we can call an electron. So we already started to see mysterious things as we go into very super small quantities. Quantum physics. So quantum physics started to go into the very small and at very small distances we we see things that we can't explain. We just cannot explain. How am I doing on time? >> Uh four minutes. >> Fine. Um and to summarize no sorry um let's go back to human life. When do you think human life starts? >> It's not

these. So you see this is the question you're asking me to measure something again. It's does the >> it can't be measured. You're just you just hate making commitments to me say I'm I'm I'm peeling this onion back a layer at a time. All your [__] and happy target can't be measured can be measured like that is that to say measure makes it's a commitment. You don't even like a commitment when you answer a question. >> I don't say in golf commit to the shot. >> I don't know what it means to be

measured. it. You do know what it means to be measured. You're one of the leading currency traders, uh, hedge fund guys or stock market financial wizards. You're in the high priesthood of high finance. You certainly know how to measure. That's why you're a billionaire. Any other answer besides that is total and complete [__] And you know it. >> I know very few things. >> You you know things can be measured. You measure every day. You weigh and measure every day. You weigh and measure

people. You weigh and measure leaders. You weigh and measure economies. You weigh and measure politics. You you weigh and measure. You weigh your whole your whole life in fact is measuring. >> It's that's so what you've now done is a great thing is you've used the word measure a mathematic term in a common vernacular and abused it. So I don't even recognize what it means. It's so abusive to my field. >> Why? And let's go to that is in in mathematics measure means and measure means what

specifically? That's there's no spec. It's it's a an approximation or give it giving something a number. If I Einstein said >> we're not asking you to go to the ninth decimal point. >> Oh, that you didn't say that before. >> No, you're not going to the ninth. >> I don't even What if I say measure how how tall are you? >> You'd say okay. Six foot six feet. >> But is it 6' one inch? >> Give or take six between 5'11 and six feet. >> But what's that? But I want So the question is I want an accurate >> Zenos. I got Zeno's paradox. >> I

don't even know what it means to measure you. Is that am I measuring the top of your hair, the top of your skull? Which and the the finer the more >> you're getting you're getting that's you're being rabbitical. This is like >> I took I shaved my beard off. I used to be >> No, my point is isn't that what isn't that going through the Torah where you where you're you're you're parsing every every uh every definition. >> No, >> you do you. However we broadly define measure, your life literally is about measurement, is it not?

It's about get putting numbers on things so that I can try my best. >> I that you can call it whatever you like. If that if that makes you feel better back to your scientific inquiry. >> No, it even a number it it people don't a number is is a complicated. >> When did you come when did you come to this in when did you come to this aha moment? was when it was in when it was in your solitary confinement when the biggest financial crisis in world history was going on in your 7 by9 jail cell with your metal bed and your and

your two brushes because you were a trustee with the brown uniform on trustee spelled wrong. Is that the moment of clarity that you had about science and and and Newtonian physics and everything that we can measure is really not going to be the way we go forward. It's going to be some more much more esoteric uh emotional intelligence thing. Was that your was that your moment of clarity? >> I wish it was because it would make such a great story for this interview, but it it's not. It's the fact that I lead such a

privileged life to come across. So, >> when did you if it didn't happen then? When did it or did it happen before? I was going to hopefully get to the I I I'm in a privileged position to have some of the world's smartest people come to my house and tell me what they think about different subjects. And I finally realized that the thing that they had most in common was there was this area, this area, no matter how smart they were, that when I asked them the questions, they said they'd have to resort to a 500 or a

thousand year old response to that question, which was, I don't know. >> You know who um who else found that out? >> Socrates. That's that's what Socrates kept doing, right? Socrates kept asking all the experts. He would go through, you know, question after question after question and realize at the end they didn't really know under they really didn't basically understand what they were talking about. And one of the things that people won't enjoy, it turns out that potentially one of the bad things to teach

children is how to write. It's imp writing, reading and arithmetic was supposed to be everyone's supposed to be taught. But writing forces you into a very narrow channel of thinking you have to write certain in a certain form in a certain way in a certain linear pattern. So your thinking becomes somewhat narrow. The most interest the reason I brought up writing is one of the recent discoveries of mine with respect to Socrates, Plato's and Aristotle is they never wrote anything. They spoke and people around who

could write wrote. Socrates could think. So that that that was >> Jesus of Nazareth was the same way, right? Never wrote anything. >> I thought he was a carpenter. >> He he was a carpenter. >> Didn't he need like a little carpenter to I don't want to get >> But at least his written record. One last thing. Um >> thank you for having me to to your house. Um, >> vegetable juice. >> Let's go back. Let's go with vegetable juice. >> When when did when did that >> the beginning of that was there any one aha moment in

all these great thinkers? Did it happen before 2008? Was it after that came up over I know many years, but when did you actually realize, hey, something new got to something new's got to be developed? >> Yeah, that's great. is that I've w because um again I'm privileged enough to have people around me who've given lots of philanthropic gifts to uh institutions of higher learning and when I said the impact have you jud how do you judge the impact of your giving and we sat down and said no new no really new

ideas have come out and I realized that of course it hasn't come out because we've been looking at using science and mathematics and it's the wrong tool. It's obvious. >> Institutions that are set up and try to put forward knowledge and and understanding and truth, should they take your money? Derek Bach at Harvard said taking money for good causes is a good thing. So if Hitler if Hitler took all the gold out of the out of the teeth of the Jews and said I want to give this to H Highleberg

University to fund the Libnets chairs uh so I can study high energy physics Derek Bach would say that was fine again it's these questions are questions where peop good people on both sides like your Charlottesville could differ. I I don't I don't know the answer. So tell so tell us tell us the two te give us the two answers. What the one answer why it shouldn't be and then the one answer Derek Box says I'll take essentially take cash from anybody because I got so many projects so many good guys and

this is the way I'll do it. So I'm indifferent to where the cash comes from. Money's money and if I got good guys I'm the fiduciary says these are good people and this is good research. Okay, I'll take the cash from however from any source including you. What's the other argument? Let me give you that that I know in in my case I've >> Is your money dirty money >> if you live >> I just asked a question is your money dirty money? >> No it's not. So in fact >> why is it not dirty money? >> Because I I earned it my heart >>

but you you earned it you earned it. We went back to this before. You earned it you earned it advising the worst people in the world right that do enormous bad things. uh and just to make more money. >> So if I instead of asking me the question, should you take the money? >> Because I think it's a legitimate question. >> You think it's a legitimate question? >> Yes. No question. Because what I because I think about I think you have to ethics is always a complicated subject. But I can tell you that with the money I gave to

help try to eradicate polio in Pakistan and India, instead of asking me whether that money was should be given to these children for vaccines, I think you might want to ask their mothers who who received the vaccine who know their child now won't get polio and ask them if Epstein should have helped these people. If we walked if we walked in you're you're a mathematician you're a ma you're a mathematician. We walked into that clinic >> where they're giving that money out to these people

that are in the most dire rates of poverty and and and sickness and told them that the money was coming from a what are you class three sexual predator? >> Tier one. >> Your was tier tier one's the highest and worst. >> No I'm the lowest. >> You're the lowest. Okay. Tier one you're the lowest. >> Um but a criminal. >> Yes. that the money came from what what percentage of people do you estimate I understand you don't like proville do you estimate would say I don't care I want the money for my children >> I would

say everyone said I want the money for my children >> did they know where the money came from >> if I think if you told them I told them the devil% the devil >> himself >> the devil himself said I'm going to exchange some dollars for you to your child's life >> do you think you're the devil himself >> no but I I do have a good mirror >> it's a serious question. Do you do you think you're the devil himself? >> I know. Why would you say that? >> Because you have all the attributes. You're incredibly smart.

You remember the devil is somebody knows what the the devil's brilliant. You read Milton's you read Milton's Paradise Lost. >> No, the devil scares me. >> This Satan is Satan is the is the he he he is the he is at the number one or two archangel. And the reason he goes to hell and leads the rebellion is because he can't be the top guy. >> And his thing is, I'd rather I'd rather reign in hell than serve in heaven. >> I saw that in a movie once called American Dharma. I don't remember who said it. Okay, we

have to go. Okay, good. Okay, that was good.